

# DIRECTIONS OF INCREASE OF COMPETITIVENESS OF THE ENTERPRISE

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## ABSTRACT

Methodical and practical approaches to determining the directions of increasing the competitiveness of the enterprise in the conditions of globalization as one of the criteria of efficiency and demand for products.

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## KEYWORDS

enterprise, classification,  
competitiveness, company,  
introduction.

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**Introduction.** In an age of globalization and a systemic crisis, competitiveness is the only criterion for efficiency and demand for products. Competitiveness of the company is an important aspect of the market environment, it describes the ability of the enterprise to adapt to the complex market conditions and take a leading position and keep it in place for a long period of time.

The complex conditions of market relations encourage enterprises to constantly seek strategic development tools that provide them with a high level of competitiveness. One of such tools is the search for strategic directions of increasing the competitiveness of enterprises, because their profitable activity is characterized by a competitive position in the market.

The emergence and evolution of society is accompanied by the emergence of the phenomenon of competition, which is one of the constantly operating factors of its progressive movement forward. Competition encourages entrepreneurs not to dwell on their achievements, but rather to constantly improve themselves, reduce production costs, improve the quality of products offered on the market, and increase their competitiveness.

The main features of competitive relations are shaped by the expansion of integration, globalization, individualization of requirements, variability and differentiation of consumer preferences, increasing the role of competitive interaction of enterprises [1].

**Research results.** In the dynamic conditions of the intensification of competition, the consumers 'needs are rapidly increasing, competitors' positions are strengthened, and the timing of the introduction of innovative technologies is constantly decreasing. Sustained growth of enterprise competitiveness and, as a consequence, strengthening of competitive positions in the market is impossible without a carefully designed organizational and economic model for managing the competitiveness of an enterprise based on an integrated mechanism for the realization of its competitive advantages.

Competitiveness is an activity aimed at forming a series of managerial decisions, which, accordingly, should be aimed at confronting possible external influences to achieve leadership in accordance with the strategic objectives [2].

Yu.V. Litvinova emphasizes that in order to be able to continue to exist in the market and produce competitive products, it is necessary to monitor changes in the environment and be able to adapt quickly to them, that is, all the time to work on the Competitiveness Program [4].

It is important to understand that competitiveness appears only in conditions of competition and through competition. Exploring the essence of the concept of competitiveness, we note that it is advisable to distinguish some key features of the concept under study (Fig. 1).

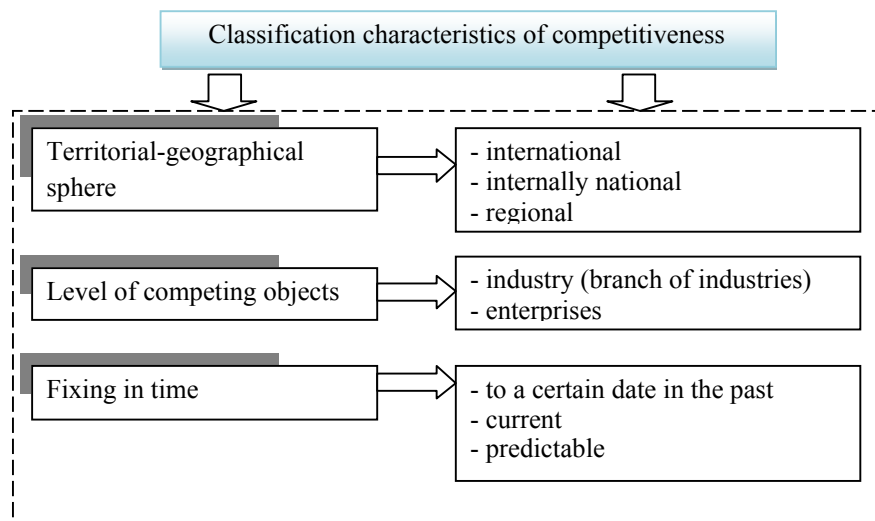


Fig. 1. Classification attributes of enterprise competitiveness

Source: formed by the author on the basis of [1]

One of the key elements of managing a company's competitiveness is the assessment of its level. Only a quantitative estimate allows measuring and controlling the level of competitiveness. Any assessment is the determination of the presence and extent of the manifestation of a particular characteristic. The estimates are based on analysis, normative regulation of the functioning and development, the search and determination of trends, the study of the features and essential features of a separate phenomenon. Without assessing the level of the phenomenon under study, it is impossible to manage any process in the economy. An enterprise must know to what extent it is competitive in relation to other entities in the market, since a high degree of competitiveness is a guarantor of obtaining high economic performance and providing him with survival in conditions of severe competition. By the level of competing economic objects, distinguish the competitiveness of the industry, enterprise, goods.

We believe that the strategic directions of increasing the competitiveness of an enterprise are: 1) reasonable advertising policy; 2) thorough examination of consumer inquiries and analysis of competitors; 3) improvement of the qualitative characteristics of products; 4) development of new products; 5) modernization of equipment; 6) measures to reduce costs; 7) improvement of service on an example after a sales service. Scientists suggest to allocate four strategic levels of competitiveness of the enterprise (Fig. 2).

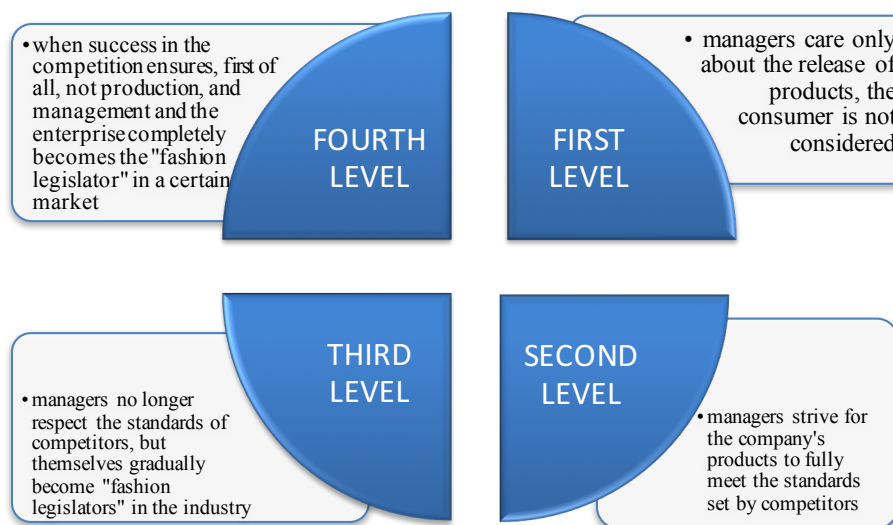


Fig. 2. Interaction of the levels of competitiveness of the enterprise

Source: Formed by the author on the basis of [3]

The main ways to solve the problems associated with increasing the competitiveness of the enterprise, is [4]:

- improving the quality of management;
- improvement of relations with the external environment;
- introduction (holding) of strategic marketing of «exit» and «input» of the enterprise; - improvement of organization of innovative activity;
- introduction of new information technologies;
- introduction of new financial and accounting technologies; - analysis of the capacity of each product in the stages of its life cycle and implementation of resource-saving technologies;
- increase of organizational and technical level of production;
- development of logistics; - development of tactical marketing.

In order to increase the competitiveness of the enterprise, it is important to identify, justify and classify the factors and reserves that determine its level. By the degree of dependence on the enterprise, the whole set of factors can be divided into external and internal. External factors include: investment in the industry, region, country; trends of technical development; level of competition; resource availability, etc. Under the internal factors are: introduction into the production of new technology, advanced technology, effective economic incentives; improvement of the qualification level of employees; the formation of a system of competitive relations in the activities of personnel, etc. They can be regulated at the enterprise level as a whole, the structural unit, the initial team and the workplace [5].

Ensuring an adequate level of competitiveness shows that all resources of the enterprise are used rationally, that the enterprise receives more profits than its market competitors. All this testifies to the fact that the company occupies a stable place in the market of goods and services, and its products are in constant demand. However, in life there is nothing constant and unchanging. Since the company's management should be able to monitor the changes taking place under the conditions of management, and to introduce sustainable innovations in the policy of managing and selling goods. Thus, innovations can be: changes in commodity policy, the introduction of new technologies, diversification of production, changes in the organizational and legal status of enterprises, modernization of forms of product sales, access to new markets, the creation of joint productions, etc.

In the technological sphere, strategic directions for improving competitiveness are described: avoiding duplication of research in order to avoid unnecessary costs, maintaining funding for a state order for the research and implementation of national target programs, joint work with foreign investors. The use of innovations contributes to the achievement of market competitive advantages through ahead of competitors in time. Innovative directions of increasing competitiveness are: improving the use of equipment, materials and energy, and organizing the production process, improving quality and timely information through all stages of the production process.

In order to increase the competitiveness of enterprises, special attention should be given to solving the following tasks:

- improvement of the regulatory framework for development and improvement of the competitive environment;
- system analysis should become the basis for conducting an assessment of the competitiveness of the enterprise;
- development of consumer demand for products and services by introducing progressive quality standards, expanding the legal framework of consumer societies, disseminating reliable information about goods and services; - Competitiveness assessment should be based on the valuation of relevant indicators; - encouraging enterprises to pursue a global strategy for the development prospects, efficiency, competitiveness and expansion of exports;
- the level of competitiveness should be assessed in a dynamics that will provide an opportunity for forecasting changes in the future; - the assessment methodology should be feasible for the enterprise in practice, provided there are among the main competitors of enterprises of different size, volume and structure of the commodity mass; - when carrying out the assessment, it is necessary to take into account the reasons for the quantitative and qualitative changes in the activity of the enterprise in order to ensure the possibility of making managerial decisions [4].

The use of strategic directions for enhancing the competitiveness of an enterprise induces the identification of support mechanisms at various stages of their economic development, as this is due to a set of problems regarding the formation of their status in conditions of strategic convergence at the stage of acceleration of integration processes. That is, when forming a strategy, it is necessary to link the stage of economic development with the strategic type of enterprise. M. Porter for competitive strategies refers to strategies that have a universal application opportunity, derived from some basic postulates of the theory of competitive advantage: leadership at low cost, differentiation and focus so, based on the theory of competitive advantage of Porter there is a set of key provisions, the key of which is [ 6]:

1. Competitiveness is characterized by the efficiency of the use of resources available to the company, and can be measured by the indicator of profitability of production;
2. The competitiveness indicator can be determined only with respect to other competitive enterprises;
3. There are two main ways to increase the company's competitiveness - lowering the cost of production (growth of profits, profitability of production, growth of market share) and the differentiation of goods (the search for new, virgin niches in the markets).

VA Rul'ev and S.O. Gutkevich called them the strategies of functioning [7]:

- Leadership strategy in minimizing production costs (or prices). The focus of this strategy is low costs compared with competitors. The cost-benefit ratio creates a relatively effective barrier from the five competitive forces;
- strategy of differentiation. The purpose of the strategy is to provide the product-product of excellent qualities that are important to the buyer and distinguish the given product from the offers of competitors;
- focus strategy, that is, specialization on the needs of one segment or a specific group of buyers without the desire to cover the entire market. Its purpose to satisfy the needs of the selected segment is better than its competitors.

SI. Savchuk stresses that the division of competitiveness into potential and actual (actual) looks rather controversial. It should be borne in mind that the assessment of competitiveness is always a prediction of the results of the object participation in economic competition with competitors. Such a forecast can be obtained on the basis of comparison (in the broad sense) of the factors of competitiveness of the objects being compared. Therefore, the phrase «potential competitiveness» in its essence is equivalent to the phrase «potential potency.» The competitiveness of any economic object manifests itself in the course of economic competition, and the results of such rivalry are not real competitiveness, but the actual manifestation, reflection of its respective potentialities. [8].

J.-J. Lambert studied the theory of competitive advantages and differentiation of Porter's goods, defining the main conditions for the success of this strategy for increasing competitiveness, as well as one of the partial features that can be used to characterize the market power of the enterprise, that is, its competitiveness [9]. The scientist emphasized that differentiation can take different forms, namely, the difference can be put in the new taste of the confectionery product, in a certain particular organoleptic characteristic, in the innovative combination of the properties of the product, the method of its packaging, etc.

In order for the strategy of differentiation as a result has led to a positive result, namely increasing the competitiveness of the enterprise, it is important to fulfill the following conditions:

- differentiation should lead to the appearance of something unique;
- the element of uniqueness should be a value for buyers;
- the value for the buyer should be large enough to agree to pay for it the price premium;
- the element of differentiation must be stable so that competitors can not reproduce it in the immediate time period;
- a price premium that is ready to pay buyers must exceed the increase in costs borne by the firm in the process of creating and maintaining an element of differentiation;
- if the element of differentiation is not known to the market, the enterprise must develop an appropriate system of product promotion, through which consumers will be able to find out about its appearance.

The ultimate result of differentiation is the increase in the market position of an enterprise, that is, its competitiveness, because the difference means the competitive advantage of the product or service, consumer loyalty and a reduced (in absolute value) sensitivity to its price. Accordingly, the market power of customers, which operates on each manufacturer according to the theory of the five forces of Porter, is partially neutralized. Differentiation also protects the company from attacks by competitors, provided, of course, that the difference allows you to reduce the interchangeability of goods.

The high level of competitiveness of an enterprise characterizes the efficiency of using own and borrowed resources in a competitive market. The problem of increasing the competitiveness and ensuring the competitive advantages of enterprises in market conditions is one of the most urgent to date. It is important to consider not only the elements of the environment affecting the company, or those with the current mutual influence, but also based on the directions of the main areas of the enterprise.

**Conclusions.** Increasing competitiveness is inextricably linked with the development and implementation of certain strategic directions, the formation and improvement of which is a continuous process. Strategic directions for increasing the competitiveness of the enterprise should be formed in the plane of the client-oriented paradigm of innovative development of a modern enterprise: they should not be narrowly secure functional, but complex with their own strategic set and basic logical tools of modern management, which acts as a driver in the system of enterprise competitiveness management and provides it. competitiveness and long-term profitability. Depending on the market situation, the environment of functioning, the level of competitive advantages, methods of competitive rivalry, the enterprise chooses the appropriate strategy of competitiveness and behavior model. It is advisable to choose the strategic directions

of competitiveness enhancement by interconnecting the stages of economic development of enterprises and their strategic types, using multidimensional space.

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